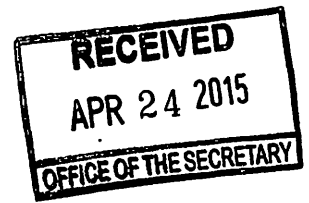


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**UNITED STATES OF AMERICA
Before the
Securities and Exchange Commission**



**ADMINISTRATIVE PROCEEDING
File No. 3-16427**

In the Matter of

Robert J. Lunn

Respondent

RESPONDENT'S ANSWER TO ORDER INSTITUTING PROCEEDINGS

For his Answer to the allegations contained in the Order Instituting Public Administrative Proceedings in this matter Respondent states as follows:

Section II. A. Respondent admits the allegations set forth in Section II.A. of the Order Instituting Public Administrative Proceedings.


Section II. B. 2. Respondent admits the allegations set forth in Section II.B.2., except that Respondent denies that he had a scheme to defraud a financial institution and two of his investment advisory clients.

Section II. B. 3. Respondent admits the allegations set forth in Section II.B.3.

Section II. B. 4. Respondent admits that the Indictment in case 12 CR 402 makes the allegations set forth in the first, second, and fourth sentences of this paragraph 4. Respondent denies that he used substantially all of the funds for his own benefit, including \$1.4 million to make payments to unrelated complaining advisory clients. Respondent also denies that he misrepresented the purpose of a loan obtained in the name of one of his investment advisory clients and caused a loan application with a forged signature to be submitted on behalf of another investment advisory client

without the client's knowledge, authorization or consent.

Respectfully submitted,



John M. Beal
Attorney for Respondent

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